



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

201620019

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

FEB 18 2016

SE:T:EP:RA:A2

Re: Request for Waiver of Excise Taxes under Section 4971(f)(1) of the Internal Revenue Code for the ("Plan")
EIN: - , (Plan No.)

Impacted Quarters Subject to 10% Excise Tax: Four calendar quarters ending March 31, , through December 31,

Dear :

This letter constitutes notice that a waiver of the 10% excise tax due under section 4971(f)(1) of the Internal Revenue Code ("Code") has been granted with respect to the liquidity shortfall experienced by the Plan for the quarters ended March 31, , June 30, , September 30, and December 31, (the "Impacted Quarters").

The waiver of the 10 percent taxes have been granted in accordance with section 4971(f)(4) of the Code. For the Impacted Quarters for which this waiver has been granted, the amount of the waiver is equal to 10 percent of the amount of the excess of (1) the liquidity shortfall of the Plan (as determined under section 430(j)(4)(E) of the Code) for each quarter, over (2) the aggregate amount of any contributions paid in the form of liquid assets which served to reduce the liquidity shortfall for such quarter and which was paid to the Plan between the last day of the quarter and the due date of the required installment under section 430(j) of the Code for such quarter.

The Plan is a single employer defined benefit plan with a plan year ending December 31.

The Taxpayer is a marketer and distributor of household goods which has been in continuous operation since 1946. Economic conditions in 2001 resulted in a significant decline in sales volume and a significant increase in pension plan funding obligations. As a result of the 2001 economic conditions, the Plan was amended such that new

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participants were not allowed into the plan as of April 1, 2001 and benefit accruals in the Plan ceased effective October 1, 2001.

Starting in the fourth quarter of 2008, the Taxpayer experienced a significant slowdown in its business. As a result of this slowdown, the Taxpayer began aggressively restructuring its business during 2009. As a result, the number of active participants decreased from 315 as of January 1, 2009 to 70 as of January 1, 2010. Lump sum distributions totaled \$ million during 2009, nearly 76% of the market value of the plan's assets as of the beginning of the year. No lump sums were paid as of April 1, 2011. Shortly after learning of the liquidity requirements, the Taxpayer started contributing additional amounts to the plan, on a monthly basis.

Benefit restrictions under section 436 of the Code did not apply to the plan years commencing January 1, 2006, due to the exception under section 436(d)(4) of the Code for plans which provide for no benefit accruals with respect to any plan (as in effect for the period beginning on September 1, 2005). Benefit accruals under the Plan ceased effective October 1, 2001. The Taxpayer complied with the provisions of the Plan and Code in paying lump sums, and thus the Taxpayer was unable to prevent the liquidity shortfall from occurring.

Based on the information submitted with the request, the liquidity shortfall arose as a result of the significant reductions in employees and the resulting lump sum disbursements from the Plan. These facts indicate that the liquidity shortfall was due to reasonable cause and not willful neglect. By contributing extra amounts to the Plan, the Taxpayer took reasonable steps to remedy the liquidity shortfall.

Based on the information above, we conclude that the liquidity shortfalls experienced by the Plan for the quarters ended March 31, , June 30, , September 30 , and December 31, 20 were due to reasonable cause and not willful neglect and that reasonable steps were taken to remedy such liquidity shortfalls.

It has been represented that the liquidity shortfall no longer existed as of March 31,

The Service declines to rule on the whether the 10 percent excise tax described in section 4971(f)(1) of the Code applies for the quarter ended March 31, because the liquidity shortfall was eliminated on that date. The calculation of the excise tax, if any, is clearly and adequately addressed by statute.

The Service declines to rule on whether the 100 percent excise tax described in Section 4971(f)(2) of the Code applies to the Taxpayer because the Plan did not have a liquidity shortfall on March 31, (i.e. the last day of the fifth consecutive quarter after the liquidity shortfall first arose). The calculation of the excise tax, if any, is clearly and

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adequately addressed by statute.

This ruling is made with the understanding that all the representations made pursuant to this request are accurate. If such representations made pursuant to this request are not accurate, the Company may not rely upon this ruling letter.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

We have sent a copy of this letter to the Employee Plans Classification Manager in Baltimore and your authorized representative pursuant to a power of attorney (Form 2848) on file in this office.

If you have any questions or required further assistance regarding this matter, please contact (ID #) at () - or by fax at () - .
Please address all correspondence to SE:T:EP:RA:A2.

Sincerely yours,

David M. Ziegler
Manager, EP Actuarial Group 2

cc: